

Message Text

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21

ORIGIN OPIC-12

INFO OCT-01 AF-10 ISO-00 EB-11 AGR-20 AID-20 IGA-02 COME-00

CIAE-00 INR-10 NSAE-00 RSC-01 /087 R

66611

DRAFTED BY: OPIC/F:GWILLIAMS:PMH

APPROVED BY: EB/IFD/OIA:MKENNEDY

F/AFR/NESA:BHENDERSON (SUBS)

EB/IFD/OIA:TBRODERICK

F/ID/LA:BTMANSBACH

AF/C:JHDIGGS

----- 049861

R 162204Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY NDJAMENA

UNCLAS STATE 102566

E.O. 11652: GDS

TAGS: E/FIN

SUBJECT: TCHAD AGRICULTURAL ENTERPRISES (TAE) -- SURVEY

REF: STATE 026628

1. AS EMBASSY IS AWARE STUART ROOSA AND OTHERS HAVE ARRIVED IN CHAD TO CONTINUE THE FEASIBILITY STUDY ON A POSSIBLE AGRIBUSINESS PROJECT THERE. THIS LATEST VISIT HAS BEEN UNDERTAKEN WITHOUT COMPLETING THE CONTRACTUALLY REQUIRED PRIOR CONSULTATIONS WITH AGRIBUSINESS COUNCIL. AS A RESULT OPIC THROUGH THE COUNCIL IS NOT REPEAT NOT SHARING ANY OF THE COSTS OF THIS PHASE OF SURVEY WORK.

2. AT THIS STAGE, PRIMARY CONCERNS OF BOTH COUNCIL AND OPIC CONTINUE TO BE (A) MAKING SURE THAT POTENTIAL PROJECT WILL BE ABLE TO SELL AT COMMERCIALY COMPETITIVE PRICES THE COMMODITIES PROPOSED TO BE PRODUCED; (B) MAKING SURE THAT THE PROJECT IS SET UP IN SUCH A WAY NOW AS TO MINIMIZE LATER THE THREAT OF NATIONALIZATION (E.G. LEASING OF LAND RATHER THAN UNCLASSIFIED

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OWNING IT, OR OTHER TECHNIQUES); AND (C) MAKING SURE THAT

THE PROJECT IS MANAGED BY EXPERIENCED PEOPLE.

3. THESE CONCERNS HAVE BEEN RAISED BY THE COUNCIL AND OPIC IN THE NORMAL COURSE OF QUOTE COUNSELLING UNQUOTE A PROSPECTIVE INVESTOR UNFAMILIAR WITH LDC INVESTING. THEY ARE PARTICULARLY RELEVANT, HOWEVER, IN LIGHT OF THIS INVESTOR'S EXPRESSED INTENTION TO SEEK OPIC POLITICAL RISK INSURANCE AND PROJECT FINANCING. BOTH WILL BE AVAILABLE ONLY IF OPIC IS SATISFIED THAT THE PROJECT IS SOUNDLY CONCEIVED.

4. REQUEST EMBASSY PROVIDE TO THESE INVESTORS WHATEVER ASSISTANCE AND GUIDANCE THEY DEEM APPROPRIATE AND TO PROVIDE OPIC WITH THEIR INTERIM APPRAISAL OF THE LIKELIHOOD THAT THIS PROJECT WILL BE IMPLEMENTED IN A WAY WHICH WILL SATISFY THE IMPORTANT INTERESTS OF THE CHADIANS, THE US INVESTORS AND OPIC.

5. OPIC AND THE COUNCIL CONTINUE TO BELIEVE THAT A PROJECT OF THE KIND BEING LOOKED INTO BY TAE CAN RESULT IN SUBSTANTIAL BENEFITS FOR CHAD AND ARE ANXIOUS TO CONTINUE TO HELP GET IT ESTABLISHED. RUSH

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